

**CHAPTER 168**

## STATE SALES, SERVICES, AND USE TAXES ON AIRCRAFT

H.F. 199

**AN ACT** relating to the taxation of aircraft under the state sales, services, and use taxes.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 422.45, subsections 4 and 6, Code 1999, are amended to read as follows:

4. The gross receipts from sales of vehicles subject to registration or subject only to the issuance of a certificate of title and sales of aircraft subject to registration under section 328.20.

6. The gross receipts from "casual sales". ~~However, this exemption does not apply to aircraft.~~

Sec. 2. Section 423.2, Code 1999, is amended to read as follows:

**423.2 IMPOSITION OF TAX.**

An excise tax is imposed on the use in this state of tangible personal property, including aircraft subject to registration under section 328.20, purchased for use in this state, at the rate of five percent of the purchase price of the property. An excise tax is imposed on the use of leased vehicles at the rate of five percent of the amount otherwise subject to tax as calculated pursuant to section 423.7A. The excise tax is imposed upon every person using the property within this state until the tax has been paid directly to the county treasurer or the state department of transportation, to a retailer, or to the department. An excise tax is imposed on the use in this state of services enumerated in section 422.43 at the rate of five percent. This tax is applicable where services are rendered, furnished, or performed in this state or where the product or result of the service is used in this state. This tax is imposed on every person using the services or the product of the services in this state until the user has paid the tax either to an Iowa use tax permit holder or to the department.

Sec. 3. Section 423.4, subsection 4, Code 1999, is amended to read as follows:

4. Tangible personal property, the gross receipts from the sale of which are exempted from the retail sales tax by the terms of section 422.45, except subsection 4 and subsection 6 of section 422.45 as it relates to the sale of vehicles subject to registration or subject only to the issuance of a certificate of title and as it relates to aircraft subject to registration under section 328.20.

Sec. 4. Section 423.4, Code 1999, is amended by adding the following new subsections:  
NEW SUBSECTION. 17. Aircraft for use in a scheduled interstate federal aviation administration certificated air carrier operation.

NEW SUBSECTION. 18. Aircraft; tangible personal property permanently affixed or attached as a component part of the aircraft, including but not limited to repair or replacement materials or parts; and all services used for aircraft repair, remodeling, and maintenance services when such services are performed on aircraft, aircraft engines, or aircraft component materials or parts. For the purposes of this exemption, "aircraft" means aircraft used in a scheduled interstate federal aviation administration certified air carrier operation.

NEW SUBSECTION. 19. Tangible personal property permanently affixed or attached as a component part of the aircraft, including but not limited to repair or replacement materials or parts; and all services used for aircraft repair, remodeling, and maintenance services when such services are performed on aircraft, aircraft engines, or aircraft component materials or parts. For the purposes of this exemption, "aircraft" means aircraft used in non-scheduled interstate federal aviation administration certified air carrier operation operating under 14 C.F.R. ch. 1, pt. 135.

**NEW SUBSECTION.** 20. Aircraft sold to an aircraft dealer who in turn rents or leases the aircraft if all of the following apply:

- a. The aircraft is kept in the inventory of the dealer for sale at all times.
- b. The dealer reserves the right to immediately take the aircraft from the renter or lessee when a buyer is found.
- c. The renter or lessee is aware that the dealer will immediately take the aircraft when a buyer is found.

If an aircraft exempt under this subsection is used for any purpose other than leasing or renting, or the conditions in paragraphs "a", "b", and "c" are not continuously met, the dealer claiming the exemption under this subsection is liable for the tax that would have been due except for this subsection. The tax shall be computed upon the original purchase price.

Approved May 24, 1999

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## CHAPTER 169

### PRODUCTION OF AGRICULTURAL COMMODITIES

H.F. 322

**AN ACT** relating to agricultural production, providing penalties, and providing an effective date.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 9H.1, subsection 12, Code 1999, is amended to read as follows:

12. "Feedlot" means a lot, yard, corral, building, or other area in which hogs or cattle fed for slaughter are confined. The term includes areas which are used for the raising of crops or other vegetation and upon which hogs or cattle fed for slaughter are allowed to graze or feed.

Sec. 2. **NEW SECTION.** 8E.1 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Active contractor" means a person who owns a commodity that is produced by a contract producer at the contract producer's contract operation pursuant to a production contract executed pursuant to section 8E.2.

2. "Commodity" means livestock, raw milk, or a crop.

3. "Contract crop field" means farmland where a crop is produced according to a production contract executed pursuant to section 8E.2 by a contract producer who holds a legal interest in the farmland.

4. "Contract livestock facility" means an animal feeding operation as defined in section 455B.161, in which livestock or raw milk is produced according to a production contract executed pursuant to section 8E.2 by a contract producer who holds a legal interest in the animal feeding operation. "Contract livestock facility" includes a confinement feeding operation as defined in section 455B.161, an open feedlot, or an area which is used for the raising of crops or other vegetation and upon which livestock is fed for slaughter or is allowed to graze or feed.

5. "Contract operation" means a contract livestock facility or contract crop field.

6. "Contract producer" means a person who holds a legal interest in a contract operation and who produces a commodity at the contract producer's contract operation under a production contract executed pursuant to section 8E.2.

7. "Contractor" means an active contractor or a passive contractor.